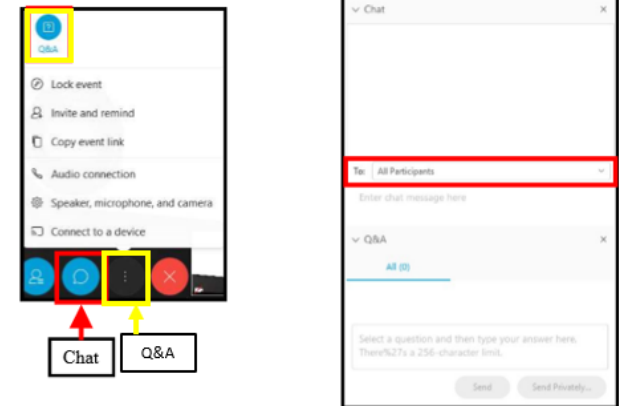


Thank you for joining us

- Notice to attendees:

- This meeting will be recorded.
- Your video/microphones are disabled.



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- If you have questions for the presenter, please enter your question in the Q&A sidebar. Questions will be answered at the end of the presentation.

PROPOSED BUDGET

FISCAL YEAR
2021-22



City of
Chula Vista

Fiscal Year 2022

Proposed Budget Overview

Presented April 28, 2021



Agenda

- Fiscal Year 2022 Proposed Budget
 - All Funds Summary
 - General Fund Summary
 - Measure A Sales Tax Fund Summary
 - Measure P Sales Tax Fund Summary
- Fiscal Year 2022 Capital Improvement Program
- Next Steps



Fiscal Year 2022 Budgetary Notes

- Staff continues to monitor the impacts on revenues and expenditures from the COVID-19 pandemic and restrictions on travel, special events, and use of City facilities and programs.
- American Rescue Plan Act: Future federal funding for responding to the COVID-19 and economic crises.
- Recent issuance of Pension Obligation Bonds for retirement/pension expenses



American Rescue Plan Act

The City of Chula Vista is expected to receive a \$61 million allocation of federal relief funds under the American Rescue Plan Act (**ARP**) to be spent by December 31, 2024. **ARP funding is not included in the FY2022 budget and will be appropriated at a later date.**

Eligible expense examples:

- Responding to COVID-19 and its negative economic impacts, including aid to households, small businesses and affected industries
- Premium pay for eligible essential workers
- Investments in water, sewer or broadband infrastructure

Next Steps:

- Departmental input and community outreach
- Survey & data gathering
- Creation of a spending plan for Council consideration

Pension Obligation Bonds

The City recently issued taxable pension obligation bonds (**POBs**) to fund 100% of its Unfunded Accrued Liability (**UAL**) with CalPERS (as of June 30, 2019) for fiscal year 2022.

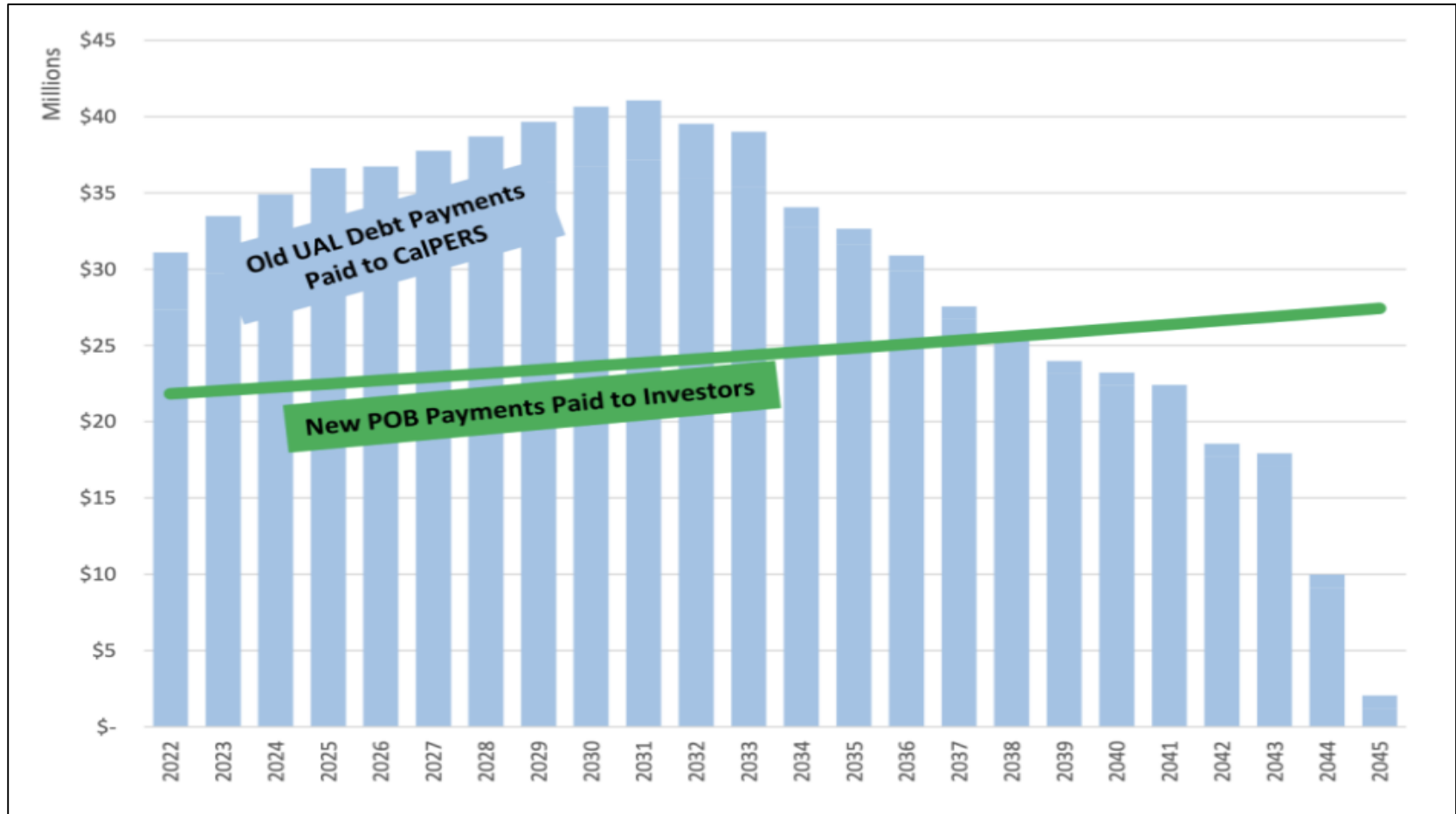
Benefits:

- Cash flow savings
- Smoother repayment schedule
- Budget predictability
- Projected savings to fund reserves

Budgetary impacts:

- Elimination of the UAL reduces personnel expenses
- New pension obligation bonds increase debt service expenses
- New Section 115 Trust contributions to address future pension related liabilities

Pension Obligation Bonds



All Funds Summary

All Funds Revenues and Expenditures Summary (in millions)

| Category | FY2021 Adopted | FY2022 Proposed | Change |
|-------------------------------|-------------------|--------------------|-----------|
| Revenues | \$ 405.7 | \$ 462.8 | \$ (57.2) |
| Expenditures | 403.9 | 472.9 | 69.0 |
| Surplus/(Deficit) | \$ 1.8 | \$ (10.1) | \$ 11.9 |
| Other Funds - PY Fund Balance | \$ - | \$ 10.1 | \$ 10.1 |

The Budget projections and assumptions were prepared prior to the receipt of City's allocation from the American Rescue Plan Act. Updated projections and recommended changes to the budget will be brought back for Council consideration in early Fiscal Year 2022.

All Funds Budget Highlights

- First full year of funding for the Transport Service Program
- Funding for reconstruction of the Loma Verde Recreation Center
- Repairs and improvements to various public facilities
- Repairs and improvements to sidewalks and other infrastructure
- Increased tree trimming services
- Increased library funding for books
- Increased parks budget for the addition of new parks

All Funds Revenues

(in thousands)

All Funds Revenues by Category

| Category | FY2021 Adopted | FY2022 Proposed | Change |
|---------------------------------|-------------------|--------------------|------------------|
| Property Taxes | \$ 66,231 | \$ 69,301 | \$ 3,070 |
| Licenses and Permits | 5,498 | 5,675 | 176 |
| Fines, Forfeitures & Penalties | 1,889 | 1,658 | (230) |
| Use of Money and Property | 4,906 | 5,176 | 270 |
| Other Local Taxes | 103,662 | 112,906 | 9,243 |
| Other Agency Revenue | 33,057 | 29,154 | (3,902) |
| Charges for Services | 71,132 | 86,922 | 15,790 |
| Other Revenues | 47,169 | 47,759 | 590 |
| Transfers From Other Funds | 72,153 | 104,298 | 32,145 |
| Total All Funds Revenues | \$ 405,697 | \$ 462,849 | \$ 57,152 |

All Funds Expenditures

(in thousands)

All Funds Expenditures by Category

| Category | FY2021 Adopted | FY2022 Proposed | Change |
|-------------------------------|-------------------|--------------------|------------------|
| Personnel Services | \$ 121,075 | \$ 131,871 | \$ 10,797 |
| Salary Savings | (3,404) | (1,999) | 1,405 |
| Retirement Benefits | 39,740 | 16,535 | (23,205) |
| Health Insurance | 15,927 | 18,405 | 2,478 |
| Personnel total | 173,338 | 164,813 | (8,526) |
| Supplies and Services | 70,526 | 72,801 | 2,276 |
| Other Expenses | 42,001 | 58,028 | 16,027 |
| Internal Service | 3,650 | 3,844 | 193 |
| Capital | 10,547 | 8,844 | (1,703) |
| Non-CIP Project Expenditures | 1,194 | 2,213 | 1,019 |
| Utilities | 8,641 | 8,872 | 231 |
| CIP Project Expenditures | 21,875 | 49,221 | 27,346 |
| Transfers Out | 72,152 | 104,298 | 32,145 |
| Total All Funds Budget | \$ 403,924 | \$ 472,932 | \$ 69,009 |

All Funds by Fund Category Revenue and Expenditures

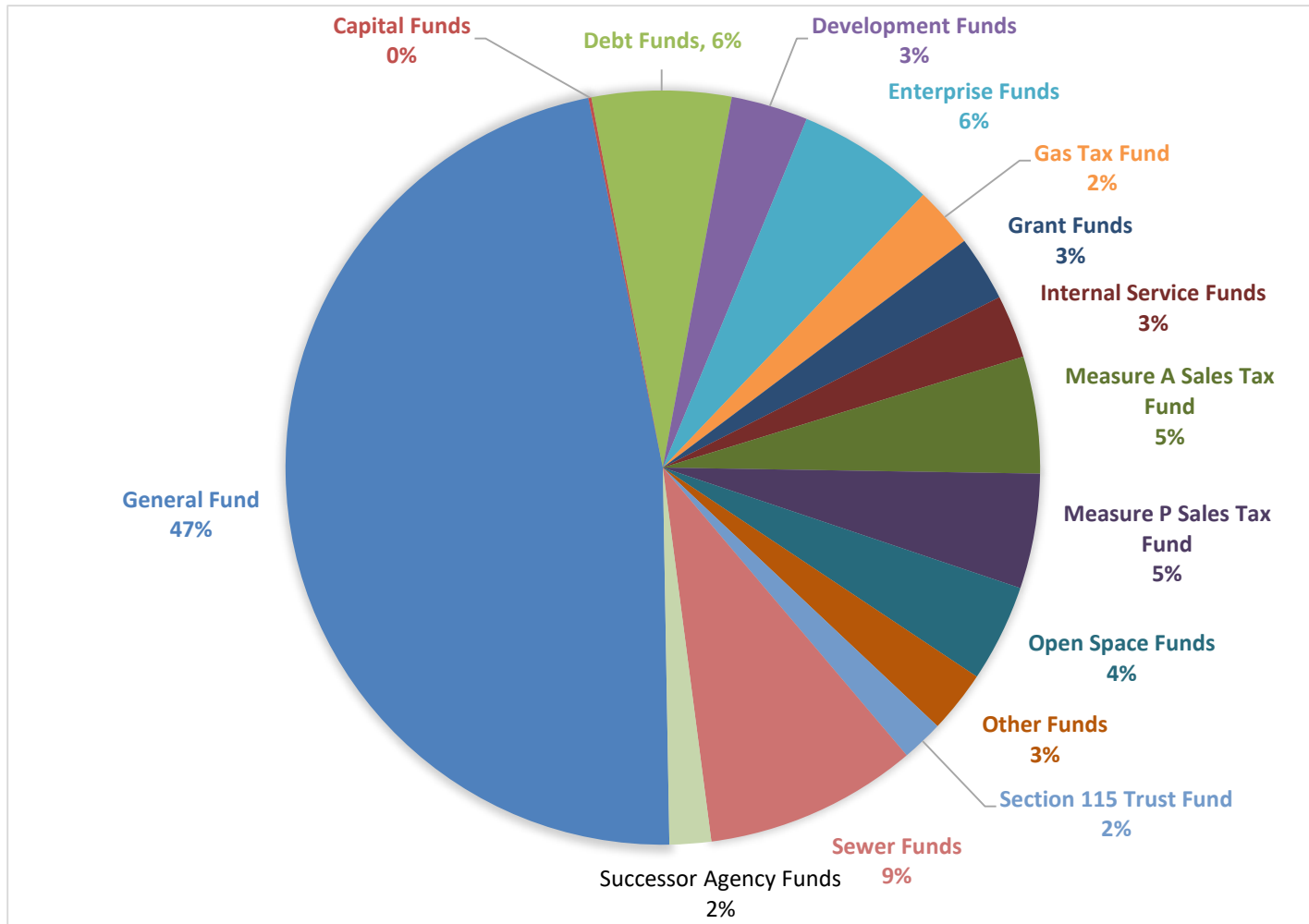
(in thousands)

All Funds by Fund Category

| Category | Revenues | Expenses | Net Impact |
|--------------------------|-------------------|-------------------|------------------|
| General Fund | \$ 218,065 | \$ 218,065 | \$ - |
| Capital Funds | 590 | 350 | (240) |
| Debt Funds | 27,622 | 27,609 | (14) |
| Development Funds | 15,255 | 10,370 | (4,885) |
| Enterprise Funds | 27,295 | 28,857 | 1,561 |
| Gas Tax Fund | 12,095 | 12,418 | 323 |
| Grant Funds | 12,963 | 15,993 | 3,030 |
| Internal Service Funds | 12,530 | 12,302 | (228) |
| Measure A Sales Tax Fund | 23,194 | 18,518 | (4,676) |
| Measure P Sales Tax Fund | 22,777 | 42,550 | 19,773 |
| Open Space Funds | 19,316 | 17,899 | (1,417) |
| Other Funds | 12,363 | 15,449 | 3,086 |
| Section 115 Trust Fund | 8,288 | - | (8,288) |
| Sewer Funds | 42,266 | 44,252 | 1,986 |
| Successor Agency Funds | 8,231 | 8,303 | 72 |
| Total All Funds | \$ 462,849 | \$ 472,932 | \$ 10,083 |

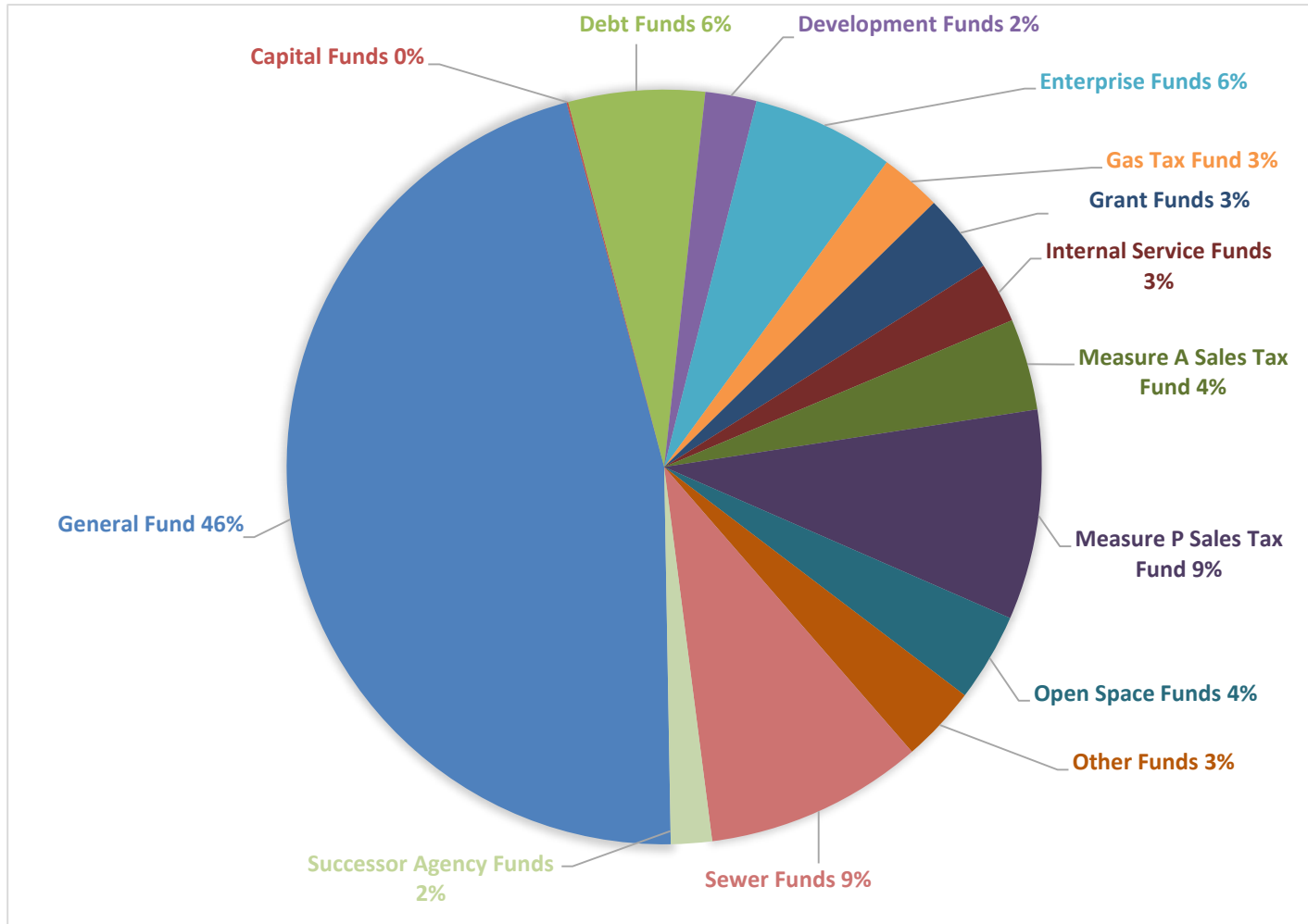
All Funds Revenue Graph

Revenues by Fund Type



All Funds Expense Graph

Expenses by Fund Type



All Funds Staffing Summary

17.0 FTEs Added FY 2021 Mid Year
7.5 FTE Net FY 2022 New Positions

| Staffing by Fund | FY 2021 Adopted | FY 2022 Proposed | Change |
|---|--------------------|---------------------|-------------|
| General Fund | 846.75 | 850.25 | 3.50 |
| Federal Grants Fund | 41.00 | 40.00 | -1.00 |
| Local Grants Fund | 5.00 | 5.00 | 0.00 |
| Advanced Life Support Fund | 57.00 | 4.00 | -53.00 |
| Transportation Fund | 0.00 | 52.00 | 52.00 |
| Central Garage Fund / Fleet Maintenance | 8.00 | 10.00 | 2.00 |
| City Jail Enterprise Fund | 15.00 | 15.00 | 0.00 |
| CV Housing Authority | 4.00 | 4.00 | 0.00 |
| Development Services Fund | 62.00 | 62.00 | 0.00 |
| Environmental Services | 7.00 | 8.00 | 1.00 |
| Gas Tax Fund | 2.00 | 2.00 | 0.00 |
| Measure A Sales Tax Fund | 66.00 | 86.00 | 20.00 |
| Sewer | 48.00 | 48.00 | 0.00 |
| Total Citywide | 1161.75 | 1186.25 | 24.5 |

All Funds Staffing Changes

- FY 2021 Mid-Year Budget Net Changes (17.00 FTE)
 - Measure A Sales Tax Fund (17.00 FTE)
 - Addition of (18.0 FTE):
 - 1.00 Information Technology Tech
 - 9.00 Peace Officer
 - 1.0 Police Lieutenant
 - 1.0 Police Sergeant
 - 1.0 Public Information Specialist
 - 1.0 Sr Info Tech Support Spec II/Sr Police Tech Spec
 - 1.0 Fire Captain – C
 - 3.0 Firefighter – A
 - Reduction of (-1.0 FTE):
 - 1.00 Sr Police Technology Specialist

All Funds Staffing Changes

- FY 2022 Proposed Budget Net Changes (7.5 FTE)
 - General Fund (3.5 FTE):
 - Administration Department (-1.0 FTE)
 - Addition of 1.0 Special Projects Manager
 - Reduction of 1.0 Executive Secretary
 - Reduction of 1.0 Sr Graphic Designer
 - City Clerk Department (1.0 FTE) - Addition of 1.0 Fiscal Office Specialist
 - Economic Development Department(-1.0 FTE) - Transfer out of 1.0 FTE Environmental Services Manager to Environmental Services Fund
 - Finance (2.0 FTE) Department
 - Addition of 1.0 Revenue Manager
 - Addition of 1.0 Sr Management Analyst

All Funds Staffing Changes

- FY 2022 Proposed Budget Net Changes (7.5 FTE)
(Continued)
 - General Fund (3.50 FTE) – Continued
 - Fire Department (1.0 FTE) - Transfer in of 1.0 EMS Inventory Spec from ALS Fund
 - Human Resources Department (0.5 FTE) - Addition of 0.5 Fiscal Office Specialist
 - Information Technology Services Department (1.0 FTE) - Addition of 1.0 Sr Network Engineer
 - Library Department (-1.0 FTE) - Reduction of 1.0 Cultural Arts Program Manager
 - Parks & Recreation Department (1.0 FTE) - Addition of 1.0 Sr Parks Ranger

All Funds Staffing Changes

- FY 2022 Proposed Budget Net Changes (7.5 FTE)
(Continued)
 - Measure A Fund (3.00 FTE)
 - Addition of 2.0 Police Agent
 - Addition of 1.0 Police Sergeant
 - Federal Grants Fund (-1.0 FTE)
 - Reduction of 1.0 Sr Financial Analyst
 - Environmental Services (1.0 FTE)
 - Transfer in of 1.0 FTE Environmental Services Manager from General Fund
 - Fleet Management (2.0 FTE)
 - Addition of 1.0 Equipment Mechanic
 - Addition of 1.0 Sr Management Analyst

All Funds Staffing Changes

- FY 2022 Proposed Budget Net Changes (7.5 FTE)
(Continued)
 - Advanced Life Support (ALS) Fund (-53.00 FTE)
 - Transfer out of 1.0 EMS Inventory Specialist to General Fund
 - Transfer out of 52.0 positions to the Transportation Fund
 - 1.0 Delivery Driver
 - 24.0 Emergency Medical Tech (Non-Safety)
 - 3.0 Fire Battalion Chief
 - 24.0 Paramedic (Non-Safety)
 - Transportation Fund (52.00 FTE) transfer from ALS
 - Transfer in of 1.0 Delivery Driver
 - Transfer in of 24.0 Emergency Medical Tech (Non-Safety)
 - Addition in of 3.0 Fire Battalion Chief – C
 - Transfer in of 24.0 Paramedic (Non-Safety)

General Fund Summary

General Fund Revenues and Expenditures Summary (in millions)

| Category | FY2021 Adopted | FY2022 Proposed | Change |
|-------------------|-------------------|--------------------|-----------|
| Revenues | \$ 206.7 | \$ 218.1 | \$ (11.4) |
| Expenditures | 206.7 | 218.1 | 11.4 |
| Surplus/(Deficit) | \$ - | \$ - | \$ - |

General Fund Revenues

(in thousands)

General Fund Revenues by Category

| Category | FY2021 Adopted | FY2022 Proposed | Change |
|------------------------------------|-------------------|--------------------|---------------|
| Major Revenues | | | |
| Property Taxes | \$ 37,556 | \$ 39,434 | \$ 1,878 |
| Sales Tax | 36,932 | 39,717 | 2,785 |
| Sales Tax - Measure P | 20,020 | 23,042 | 3,022 |
| Sales Tax - Measure A | 20,020 | 23,042 | 3,022 |
| Franchise Fees | 12,405 | 12,901 | 496 |
| Utility Users Taxes | 5,233 | 3,800 | (1,433) |
| Transient Occupancy Taxes | 4,927 | 4,942 | 15 |
| Motor Vehicle License Fees | 23,701 | 24,772 | 1,070 |
| Major Revenues Total | 160,794 | 171,650 | 10,855 |
| Other General Fund Revenues | 45,896 | 46,415 | 519 |
| Total General Fund Revenues | 206,690 | 218,065 | 11,375 |

General Fund Revenue Assumptions

- Major Revenue assumptions
 - Major revenues projected to increase by \$10.9 million or 6.8% over FY 2021 Adopted Budget
 - Primary drivers include:
 - \$6.0 million added for Measure A and Measure P revenues
 - \$2.8 million increase for Sales Tax revenues
 - \$2.9 million increase for both Property Tax and Motor Vehicle License Fees
 - \$1.4 million decrease for Utility Users Taxes
- Conservative growth rates were applied to other major revenues accounts.

General Fund Revenue Assumptions (cont.)

- Other Revenues assumptions (\$0.5 million)
 - \$1.3 million increase for Other Local Taxes
 - \$1.8 million increase for Cannabis Excise Tax
 - \$0.5 million decrease in Business License Taxes
 - \$1.2 million increase to Transfers In
 - \$0.9 million decrease in Other Revenues
 - \$0.8 million decrease in Charges for Services
 - \$0.2 million decrease in Fines & Penalties

General Fund Expenditures

(in thousands)

General Fund Expenditures by Category

| Category | FY2021 Adopted | FY2022 Proposed | Change |
|----------------------------------|-------------------|--------------------|--------------------|
| Personnel Services | \$ 93,907 | \$ 97,022 | \$ 3,114 |
| Salary Savings | (3,404) | (1,596) | 1,808 |
| Retirement Benefits | 32,055 | 12,797 | (19,258) |
| Health Insurance | 12,192 | 13,324 | 1,132 |
| Personnel total | \$ 134,751 | \$ 121,547 | \$ (13,203) |
| Supplies and Services | 14,807 | 15,425 | 618 |
| Other Expenses | 781 | 1,584 | 803 |
| Internal Service Charges | 3,153 | 3,187 | 34 |
| Capital | 237 | 168 | (69) |
| Transfers Out | 48,083 | 71,250 | 23,167 |
| Utilities | 4,879 | 4,903 | 25 |
| Total General Fund Budget | \$ 206,690 | \$ 218,065 | \$ 11,375 |

General Fund Expenditure Assumptions

- Personnel Services assumptions
 - Personnel expenses decrease of \$13.2 million
 - \$3.1 million Personnel Increase
 - \$1.8 million decrease of Salary Savings target
 - \$19.3 million decrease for Pension costs
 - UAL eliminated with issuance of Pension Obligation Bonds (POBs)
 - PERS Normal Cost increase of \$0.7 million
 - \$1.1 million increase for Flex/Insurance

General Fund Expenditure Assumptions (cont.)

- Supplies & Services assumptions (\$0.6 million)
 - Insurance increase of \$1.0 million
 - Landscape and Program Supplies increase of \$0.3 million
 - Books and Periodicals increase of \$0.1 million
 - Contract Services decrease of \$0.9 million
- Other Expenses assumptions (\$0.8 million)
 - Admin Costs for Sales Tax increase by \$0.8 million

General Fund Expenditure Assumptions (cont.)

- Transfers Out (\$23.1 million)
 - Measure A Sales Tax revenue transfer increase of \$2.8 million to the Measure A Fund
 - Measure P Sales Tax revenue transfer increase of \$2.8 million to the Measure P Fund
 - Pension Obligation Bonds debt service of \$11.7M
 - Section 115 Trust contribution of \$5.9M

Measure A Revenues and Expenditures

(in thousands)

| Category | FY2021 Adopted | FY2022 Proposed | Change |
|------------------------------|-------------------|--------------------|----------------|
| EXPENSES | | | |
| Personnel Services | \$ 13,306 | \$ 14,286 | \$ 980 |
| Supplies and Services | 729 | 1,129 | 400 |
| Other Expenses | 751 | 857 | 107 |
| Capital | 189 | 165 | (24) |
| Internal Service | 69 | 69 | 1 |
| Transfers Out | 219 | 2,011 | 1,792 |
| TOTAL EXPENSES | 15,262 | 18,518 | 3,255 |
| REVENUES | | | |
| Revenues from Other Agencies | - | (250) | (250) |
| Transfers In | (20,240) | (22,944) | (2,704) |
| TOTAL REVENUES | (20,240) | (23,194) | (2,954) |
| Total Measure A Funds | \$ (4,977) | \$ (4,676) | \$ 301 |

Measure P Revenues and Expenditures

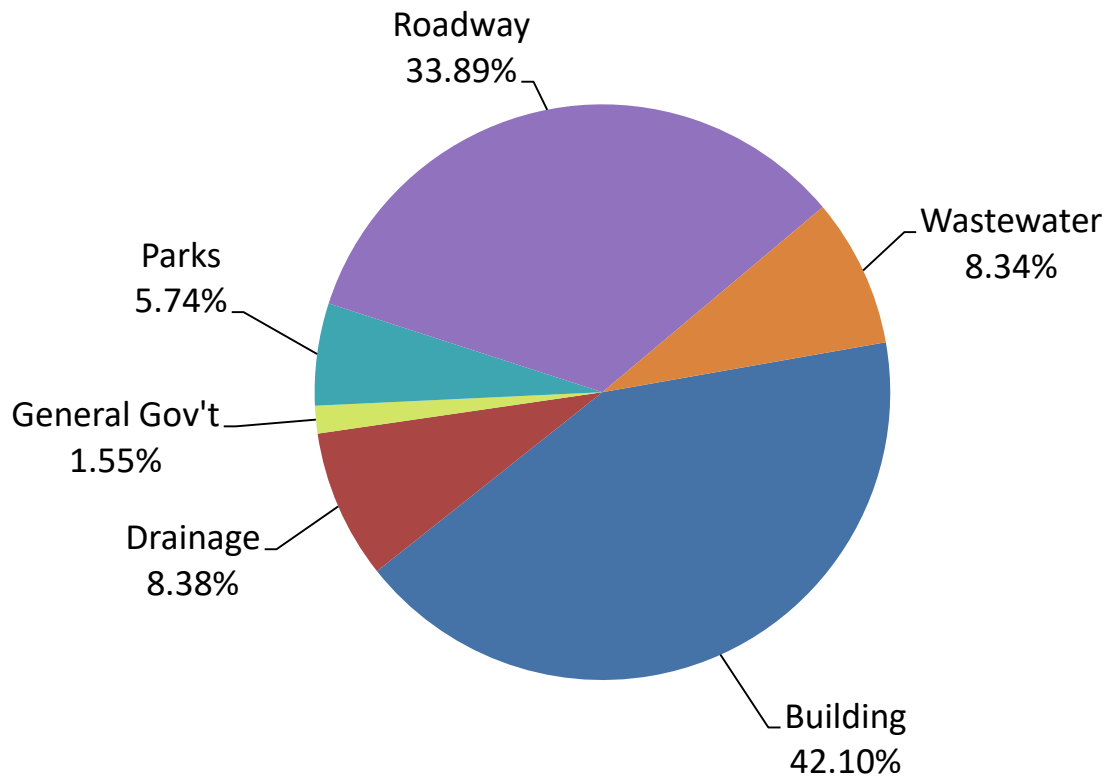
(in thousands)

| Category | FY2021 Adopted | FY2022 Proposed | Change |
|------------------------------|-------------------|--------------------|------------------|
| EXPENSES | | | |
| Supplies and Services | \$ 246 | \$ 295 | \$ 49 |
| Other Capital | 6,136 | 5,274 | (862) |
| Other Expenses | 9,034 | 9,428 | 394 |
| Non-CIP Project Expenses | 100 | 100 | - |
| CIP Project Expenses | 3,675 | 27,453 | 23,778 |
| TOTAL EXPENSES | 19,190 | 42,550 | 23,360 |
| REVENUES | | | |
| Transfers In | (20,020) | (22,777) | (2,757) |
| TOTAL REVENUES | (20,020) | (22,777) | (2,757) |
| Total Measure P Funds | \$ (830) | \$ 19,773 | \$ 20,603 |

CAPITAL IMPROVEMENT PROGRAM SUMMARY

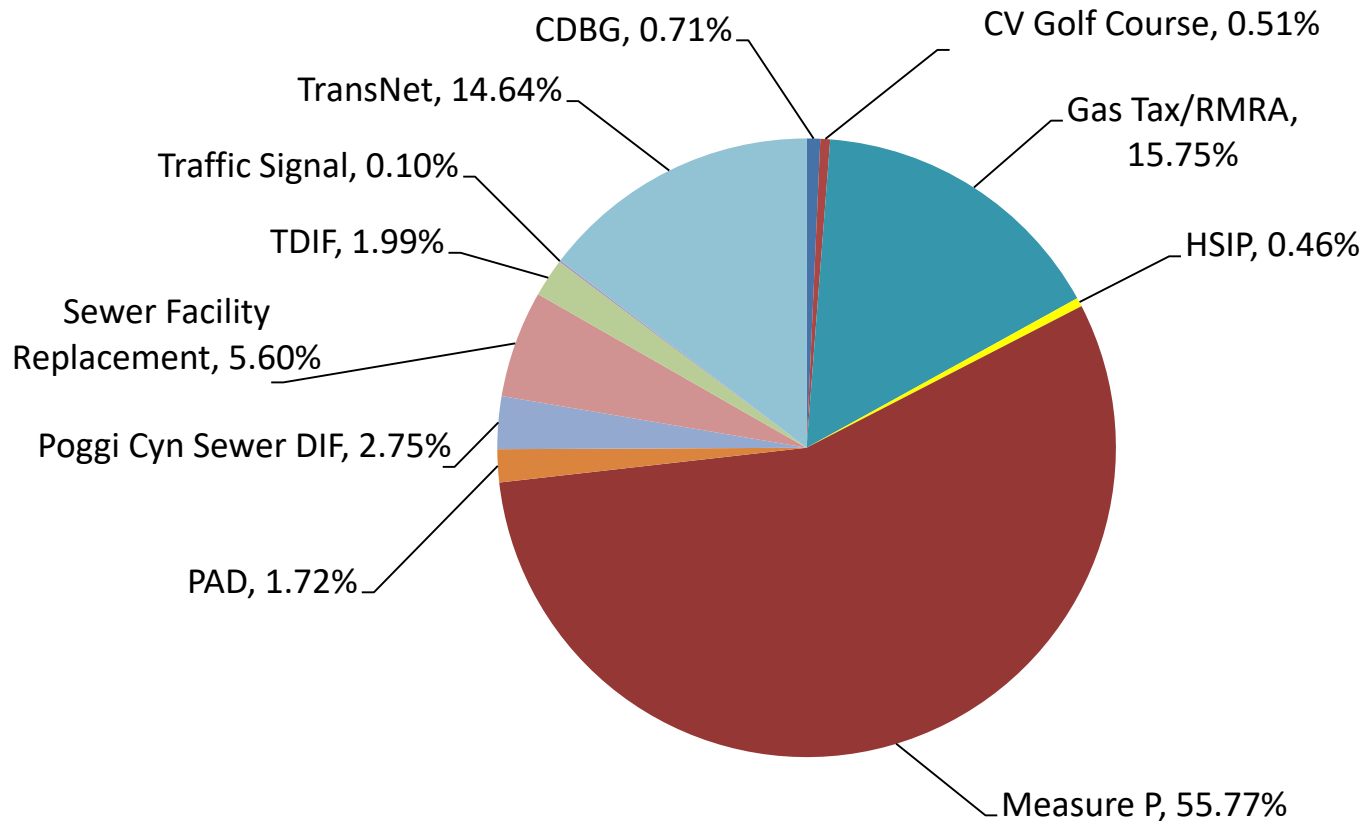
Capital Improvement Program - \$49.2M

by Asset Management System



Capital Improvement Program - \$49.2M

by Funding Source



CIP Highlights

- Major Projects Planned



Street Pavement & Rehab Projects - \$10.5M



Drainage Projects - \$4.1M



Park Infrastructure, Courts & Fields - \$2.8M



Sewer Projects - \$4.1M

CIP Highlights

- Building Projects Planned

- Loma Verde Rec Center (\$15.1M)

- Built in 1974-75
 - Heavily used by the community
 - Demolition and re-construction
 - Design-Build Project
 - Funded by Measure P



Loma Verde Recreation Center

- Public Building Repairs (\$5.5M)

- Fire Stations
 - Police Facility
 - Civic Center Library
 - South Chula Vista Library
 - 1301 Oleander Ave (Boys & Girls Club)
 - Funded by Measure P



Other Public Building Repairs



CIP Highlights

- Street Pavement Projects (Completed)
 - 3 Pavement Maintenance & Rehabilitation Projects
 - Treated 157 roadway segments
 - Over 22 miles of roadways reconditioned
 - Total cost: \$20M



CIP Highlights

- Third Ave Streetscape Phase 3 (Completed)
 - From F Street to E Street
 - \$2.5M Smart Growth Incentive Program Grant
 - Project cost: \$4.8M



CIP Highlights

Fire Station 5

- Secured property, completed design and construction





CIP Highlights



Fire Station 9

- Secured property, completed design and construction

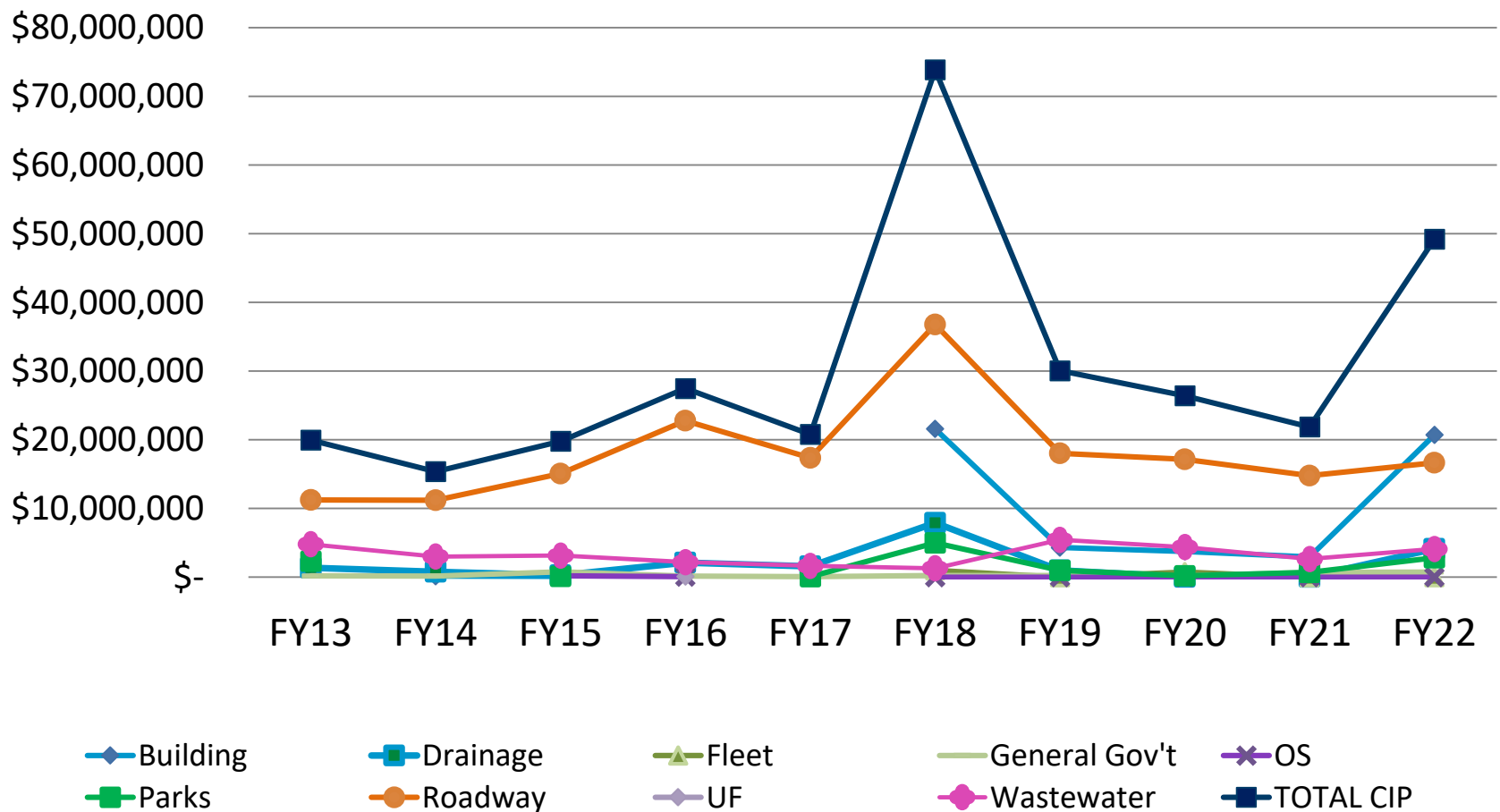


CIP Highlights

- Emergency Storm Drain Repair
 - 855 Energy Way
 - 35-foot excavation depth (tunneling)
 - 66 inch diameter pipe
 - Project cost: \$2M

Capital Improvement Program 10-Year Period

by Asset Management System



Next Steps

- **April 28th** - Hold one virtual public workshop to provide the public an overview of FY22 Proposed Budget
- **May 11th** – Present City Manager’s FY 2021-22 Proposed Budget and CIP Overview to the City Council
- **May 25th** – City Council Public Hearing and Adoption of FY 2021-22 Proposed Budget
- Additional comments can be submitted on City’s website (www.chulavistaca.gov)

Questions?